

3 FAM 6130

FOREIGN SERVICE RETIREMENT SYSTEMS— CONTRIBUTIONS AND DEDUCTIONS

(CT:PER-748; 10-15-2014)
(Office of Origin: HR/RET)

3 FAM 6131 EMPLOYEE DEDUCTIONS

3 FAM 6131.1 Foreign Service Retirement and Disability System (FSRDS)

(CT:PER-748; 10-15-2014)
(State/USAID/BBG/Commerce/Peace Corps/Foreign Service Corps-USDA)
(Applies to Foreign Service employees)

- a. Except as provided in 3 FAM 6131.1 paragraph b, the rate of employee deductions from basic pay for FSRDS coverage is as follows:

Date of Service	Employee Deduction (Percentage of Employee's Basic Pay)
10/16/60 to 12/31/69	6.5%
1/1/70 to 12/31/98	7.0%
1/1/99 to 12/31/99	7.25%
1/1/00 to 12/31/00	7.40%
1/1/01 to 12/28/02	7.0%
after 12/28/02	7.25%

- b. For Foreign Service Criminal Investigators and/or Inspectors of the Office of the Inspector General, Agency for International Development, and certain Bureau of Diplomatic Security Special Agents covered under 3 FAM 6150, the rate of employee deductions are as follows:

Date of Service	Employee Deduction (Percentage of Employee's Basic Pay)
1/1/75 to 12/31/98	7.5%
1/1/99 to 12/31/99	7.75%
1/1/00 to 12/31/00	7.90%
1/1/01 to 12/28/02	7.5%
after 12/28/02	7.75%

3 FAM 6131.2 Foreign Service Retirement and Disability System Offset

(CT:PER-748; 10-15-2014)

(State/USAID/BBG/Commerce/Peace Corps/Foreign Service Corps-USDA)

(Applies to Foreign Service employees)

- a. Except as provided in 3 FAM 6131.1 paragraph b, the rate of employee deductions from basic pay for FSRDS Offset is the rate prescribed in 3 FAM 6131.1 paragraph a minus the Old Age, Survivors, and Disability Insurance (OASDI) tax rate. When the employee's basic pay exceeds the maximum OASDI wage base and is no longer subject to OASDI withholding, full deductions are withheld for FSRDS.
- b. For Foreign Service Criminal Investigators and/or Inspectors of the Office of the Inspector General, Agency for International Development, or certain Bureau of Diplomatic Security Special Agents covered under 3 FAM 6150, the appropriate percentage is the rate prescribed in 3 FAM 6131.1 paragraph b minus the OASDI tax rate. When the employee's basic pay exceeds the maximum OASDI wage base and is no longer subject to OASDI withholding, full deductions are withheld for FSRDS.
- c. Current and prior OASDI Program Rates & Limits can be found on the official website of the U.S. Social Security Administration.

3 FAM 6131.3 Foreign Service Pension System (FSPS)

(CT:PER-748; 10-15-2014)

(State/USAID/BBG/Commerce/Peace Corps/Foreign Service Corps-USDA)

(Applies to Foreign Service employees)

- a. Except as provided in 3 FAM 6131.3 paragraph b and c, the rate of employee deductions from basic pay for FSPS coverage is the rate shown below minus the percentage rate of the OASDI tax rate which is (or would be) in effect a payment for the employee's cost for social security:

Date of Service	Employee Deduction (Percentage of Employee's Basic Pay)
1/1/87 to 12/31/98	7.5%
1/1/99 to 12/31/99	7.75%
1/1/00 to 12/31/00	7.90%
1/1/01 to 1/10/03	7.5%
after 1/10/03	7.55%

- b. The rate of employee deductions for participants with less than 5 years of creditable civilian service and hired after December 31, 2012, is 9.85-percent.
- c. The rate of employee deduction for participants with less than 5 years of

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creditable civilian service and hired after December 31, 2013, is 11.15-percent.

- d. FSPS deductions continue to be withheld even when social security deductions are terminated because there is no income cap for FSPS deductions.

3 FAM 6132 AGENCY CONTRIBUTIONS

3 FAM 6132.1 Foreign Service Retirement and Disability System (FSRDS) and Foreign Service Retirement and Disability System (FSRDS) Offset

(CT:PER-748; 10-15-2014)

(State/USAID/BBG/Commerce/Peace Corps/Foreign Service Corps-USDA)

(Applies to Foreign Service employees)

- a. Except as provided by in 3 FAM 6132.1 paragraph b, the employing agency must submit its contribution to the FSRDS fund as follows:

Date of Service	Agency Contribution (Percentage of Employee's Basic Pay)
1/1/70 to 9/30/97	7.0%
10/1/97 to 9/30/02	8.51%
10/01/02 to 12/28/02	7.5%
12/29/02 to 12/31/02	7.75%
After 12/31/02	7.25%

- b. The employing agency for Foreign Service Criminal Investigators and/or Inspectors of the Office of the Inspector General, at the Agency for International Development and certain Bureau of Diplomatic Security Special Agents covered under 3 FAM 6150 must submit its contribution to the FSRDS fund as follows:

Date of Service	Agency Contribution (Percentage of Employee's Basic Pay)
1/1/75 to 9/30/97	7.5%
10/1/97 to 9/30/02	9.01%
10/01/02 to 12/28/02	8.0%
12/29/02 to 12/31/02	8.25%
After 12/31/02	7.75%

3 FAM 6132.2 Foreign Service Pension System (FSPS)

(CT:PER-748; 10-15-2014)

(State/USAID/BBG/Commerce/Peace Corps/Foreign Service Corps-USDA)

(Applies to Foreign Service employees)

Each employing agency is required to pay a contribution computed in a manner similar to that used under 5 U.S.C. 8423(a) with the normal cost percentage determined by the Secretary of State or his or her delegate.

3 FAM 6133 EMPLOYEE CONTRIBUTIONS TO FUND

3 FAM 6133.1 Periods of Leave Without Pay (LWOP)

(CT:PER-748; 10-15-2014)

(State/USAID/BBG/Commerce/Peace Corps/Foreign Service Corps-USDA)

(Applies to Foreign Service employees)

- a. A participant on approved LWOP may receive credit for up to six months of LWOP per calendar year without making a contribution to the Fund.
- b. Contributions may not be made for any periods of leave without pay, except when:
 - (1) A participant, while on approved LWOP, serves as a full-time employee of an organization composed primarily of Government employees within 60 days after entering on leave without pay, files with the employing agency an election to receive full retirement credit for such periods of leave without pay and arranges to pay concurrently into the Fund through the employing agency, amounts equal to the retirement deductions and agency contributions at the salary rate that would be applicable if the participant were in a pay status;
 - (2) A participant, while on approved LWOP, serves as a full-time paid employee of a Member of the Office of Congress and continues to make contributions to the Fund based upon the Foreign Service salary rate that would be applicable if the participant were in a pay status. The participant's employing Office of Congress makes a contribution (from the appropriation or fund which is used for payment of the participant's salary) to the Treasury of the United States to credit the fund. All such periods of service for which full contributions are made are fully creditable. (See section 3 FAM 6170);
 - (3) A participant, who while on approved LWOP, serves as a family member under a Part-Time, Intermittent, or Temporary (PIT) appointment has Foreign Service retirement contributions withheld from his or her salary; and

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- (4) A participant who, while on approved LWOP, enters into active duty military service, elects to pay retirement contributions based on the rate provided in 3 FAM 6131 based on the Foreign Service salary rate that would be applicable if the participant were in a pay status, or pays a military service deposit, based on their base pay while in the military.

3 FAM 6133.2 Special Contributions (Deposits or Redeposits) for Civilian Service

(CT:PER-748; 10-15-2014)

(State/USAID/BBG/Commerce/Peace Corps/Foreign Service Corps-USDA)

(Applies to Foreign Service employees)

a. Deposits/Redeposits for FSRDS Service:

- (1) A participant in FSRDS or FSRDS Offset may make a deposit for creditable civilian service (except as explained below under VISTA/Peace Corps Volunteer Service) during which no retirement contributions were withheld from his or her salary. The amount of the deposit is the contributory rate, plus interest, in accordance with subsection 3. If the deposit period is after 10/30/83, and the deposit is not paid, the annuity will be reduced to eliminate credit for this period. If the deposit period is prior to 11/1/83, and the deposit is not paid, the annual annuity will be reduced by 10 percent of the amount of the deposit due, including interest, computed through the final date of separation;
- (2) A participant in FSRDS or FSRDS Offset may make a redeposit for retirement contributions withheld and refunded under FSRDS/FSRDS Offset/CSRS/CSRS Offset. The redeposit is the amount of the refund of contributions, plus interest, in accordance with subsection 3. If retirement contributions refunded ended on or before 9/30/90 and a redeposit has not been made, there will be an actuarial reduction in the annuity, based on present value factors established by OPM. If retirement contributions refunded ended on or after 10/1/90 and a redeposit has not been made, the annuity will be computed eliminating the refund period from the calculation;
- (3) After 10/30/83, interest accrues on outstanding deposits/redeposits for creditable civilian service at a rate of 3 percent through December 31, 1984, and a variable rate, determined by the Department of the Treasury, thereafter. Prior to 11/1/83, interest accrues on outstanding deposits/redeposits for creditable civilian service at a rate of 4 percent through December 31, 1976, and 3 percent thereafter. Deposits for civilian creditable service under FSRDS Offset will be billed at the rate of 1.3-percent, plus interest for service after December 31, 1983 and before January 1, 1987. These rules for the interest rate apply to FSRDS annuities and FSRDS components in FSPS annuity benefits; and

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(4) Participant in FSRDS/FSRDS Offset:

- (a) A person who becomes a participant in FSRDS/FSRDS Offset by direct transfer from another retirement system without a break in service for Government civilian employees does not have to make a special contribution to the Fund. These contributions are transferred automatically. Full credit will be granted for all service for which contributions are made; and
- (b) A participant who becomes vested in FSRDS/FSRDS Offset after a break in service under another retirement system for Government civilian employees or an employee who received a lump-sum payment under FSRDS/FSRDS Offset or another retirement system may determine the amount of the contribution owed by submitting Form DS-5001, Application for Service Credit to the employing agency. A participant is not obligated to submit this form; however, submission of this form ensures that a participant is receiving proper credit toward his or her contributions for retirement purposes.

(b) **Deposits/Redeposits for FSPS Service:**

- (1) A participant in FSPS may make a deposit for creditable civilian service so long as no retirement contributions were withheld from his or her salary, provided that the deposit period is prior to 1/1/89. No deposit can be made for creditable civilian service after 12/31/88; however, a participant with creditable civilian service after 12/31/88 and prior to 5/24/98 with retirement contributions in FERS may receive credit under FSPS. (See section 321 of Public Law 107-228, also known as the PIT Buyback Program). A participant in FSPS may make a deposit for creditable civilian service (except as explained below under VISTA/Peace Corps Volunteer Service) so long as no retirement contributions were withheld from his or her salary, provided the deposit period is prior to 1/1/89;
- (2) After 10/30/83, interest accrues on outstanding deposits/redeposits for creditable civilian service at a rate of 3 percent through December 31, 1984, and a variable rate, determined by the Department of the Treasury, thereafter. Prior to 11/1/83, interest accrues on outstanding deposits/redeposits for creditable civilian service at a rate of 4 percent through December 31, 1976, and 3 percent thereafter. Prior to 1/1/89, the deposit for creditable civilian service is at a rate of 1.3-percent of basic pay, plus interest. If the deposit is not made, the creditable civilian service is eliminated from the annuity computation; and
- (3) On or after October 28, 2009, a participant may make a redeposit of retirement contributions withheld and refunded under FERS or FSPS. Reemployed participants may make a redeposit of the amount refunded, plus interest to have credit for his or her service reinstated. If the redeposit has not been paid, the creditable civilian service is eliminated from the annuity computation. Only sick leave (not included under

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FSRDS/FSRDS Offset) is part of a FSPS annuity computation. Survivors may also make redeposits on the employee's behalf. See 3 FAM 6133.5 for a FERS refund as part of a transaction to transfer credit from FERS to FSPS.

3 FAM 6133.3 Deposits for Peace Corps/VISTA Volunteer Service

(CT:PER-748; 10-15-2014)

(State/USAID/BBG/Commerce/Peace Corps/Foreign Service Corps-USDA)

(Applies to Foreign Service employees)

- a. A participant in FSRDS/FSRDS Offset can make a deposit for Peace Corps/VISTA volunteer service at the contributory rate, plus interest (see 3 FAM 6131.1). If a deposit is not made and the participant is entitled to social security at age 62, the credit for civilian service is eliminated from the annuity computation.
- b. A participant in FSPS can make a deposit for Peace Corps/VISTA volunteer service at the contributory rate as follows:

Date of Service	Contributory Rate of the Readjustment Allowance or Stipend
Before 1999	3.0%
During 1999	3.25%
During 2000	3.40%
During and after 2001	3.0%

NOTE: If the deposit is not made, the creditable civilian service is eliminated from the annuity computation.

3 FAM 6133.4 Deadline for Making Deposits or Redeposits

(CT:PER-748; 10-15-2014)

(State/USAID/BBG/Commerce/Peace Corps/Foreign Service Corps-USDA)

(Applies to Foreign Service employees)

A deposit for military or civilian service must be made no later than the date of retirement, except when a survivor annuitant pays a deposit on the employee's behalf within 30 days of receiving notification of the amount due.

3 FAM 6133.5 Refund of Excess FSRDS/CSRS Contributions When Service is Credited in FSPS Annuity or FSPS Component of FSPS Annuity

(CT:PER-748; 10-15-2014)

(State/USAID/BBG/Commerce/Peace Corps/Foreign Service Corps-USDA)

(Applies to Foreign Service employees)

Upon retirement and at the written request of a FSPS participant, a participant may be paid a refund of excess contributions when service under FSRDS/CSRS is credited in a FSPS annuity. Such refund represents the difference in contributory rates under FSRDS/CSRS and FSPS, plus interest, as described in 3 FAM 6131. There is no such refund when service under FSRDS/CSRS Offset is credited under a FSPS annuity.

3 FAM 6133.6 Transfer of CSRS Contributions to FSRDS

(CT:PER-748; 10-15-2014)

(State/USAID/BBG/Commerce/Peace Corps/Foreign Service Corps-USDA)

(Applies to Foreign Service employees)

- a. A FSRDS/FSRDS Offset participant may make a request to the employing agency to transfer his or her CSRS retirement contributions (including a CSRS military or civilian service deposit/redeposit) to FSRDS without making a special contribution.
- b. A FSRDS/FSRDS Offset participant who received a refund of CSRS retirement contributions may determine the amount owed for redeposit by making a request to the employing agency. Requesting the amount owed will not obligate the participant to make a contribution, but it will assure that proper recognition is given in the annuity computation for all prior service.

3 FAM 6133.7 Transfer of FERS Contributions to FSPS

(CT:PER-748; 10-15-2014)

(State/USAID/BBG/Commerce/Peace Corps/Foreign Service Corps-USDA)

(Applies to Foreign Service employees)

- a. A FSPS participant may request a transfer of FERS contributions (including a FERS military or civilian service deposit/redeposit) to FSPS without paying interest. However, a participant must pay interest on a FSPS deposit if OPM authorizes a payment of FERS retirement contributions to the participant, in addition to, transferring those contributions to FSPS. In accordance with 3 FAM 6133.2a, a FSPS participant must pay interest for making a deposit for non-deduction service.
- b. On or after October 28, 2009, a participant may make a redeposit of retirement contributions withheld and refunded under FERS or FSPS. Reemployed

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participants may make a redeposit of the amount refunded, plus interest to have credit for his or her service reinstated. If the redeposit has not been paid, the creditable civilian service is eliminated from the annuity computation. Survivors may also make redeposits on the employee's behalf.

3 FAM 6133.8 Transfer of FSRDS/FSPS Contributions to CSRS/FERS

(CT:PER-748; 10-15-2014)

(State/USAID/BBG/Commerce/Peace Corps/Foreign Service Corps-USDA)

(Applies to Foreign Service employees)

- a. The following documents must be received by HR/RET before a refund or transfer of compulsory Foreign Service contributions is effected:
 - (1) A completed Form DS-5003, Application for Refund of Compulsory Retirement Contributions Foreign Service Retirement System (for FSRDS/FSPS refunds/CSRS/FERS deposits);
 - (2) Submission of the participant's pay record or Form DS-765, Foreign Service Retirement and Disability System Participant Record, by the budget and fiscal office of the employing agency; and
 - (3) For USAID, FCS, FAS and APHIS, and Peace Corps employees, a complete transfer of the retirement account record(s).
- b. If the funds are transferred to CSRS, a Form SF-2803, Application to Make a Deposit or Redeposit, Civil Service Retirement System, must be completed by the employee and certified by the employing agency. The employing agency will send the application to the Retirement Accounts Division (RAD). RAD will transfer the contributions to OPM for credit under the CSRS.
- c. If the funds are deposited in FERS, a Form SF-3108, Application to Make Service Credit Payment under FERS, must be completed by the employee and certified by the employing agency. The employing agency will send the application to RAD. In order to receive credit for FSPS service, the participant must pay a deposit equal to the amount of FERS deductions that would have been withheld had the participant been subject to FERS. Upon receipt of Form SF-3108, RAD will obtain from OPM the amount of the FERS deposit due, including interest. RAD will calculate the participant's FSPS deductions, including interest. If the FSPS amount exceeds the FERS amount owed, RAD will refund the excess amount to the employee. If the FSPS amount is less than the FERS amount due, RAD will bill the employee the difference.
- d. On or after October 28, 2009, a participant may make a redeposit of retirement contributions withheld and refunded under FERS or FSPS. Reemployed participants may make a redeposit of the amount refunded, plus interest to have credit for his or her service reinstated. If the redeposit has not been paid, the creditable civilian service is eliminated from the annuity computation.

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Survivors may also make redeposits on the employee's behalf.

3 FAM 6134 MILITARY SERVICE

3 FAM 6134.1 Definitions

(CT:PER-748; 10-15-2014)

(State/USAID/BBG/Commerce/Peace Corps/Foreign Service Corps-USDA)

(Applies to Foreign Service employees)

- a. **Military Service:** Honorable active duty service in the uniformed services listed below is considered military service for retirement purposes:
- Army;
 - Navy;
 - Air Force;
 - Marine Corps;
 - Coast Guard;
 - In the regular Corps or Reserve Corps of the Public Health Service of the United States, if the service was performed after June 30, 1960; and
 - As a commissioned officer of the National Oceanic and Atmospheric Administration (formerly Coast and Geodetic Survey and Environmental Sciences Services Administration), if service was performed after June 30, 1961.
- b. **Active Duty Service:** Service in the armed forces of the United States performed on a full-time basis with military pay and allowances. Additionally, active duty military service means that all of an individual's time and efforts are at the disposal of military authorities; he or she disassociates himself or herself from the performance of civilian employment during the period of military service.
- c. **Honorable Discharge:** An honorable discharge means any separation from active duty in the armed forces under honorable conditions. See 3 FAM 6134.5.

3 FAM 6134.2 Service Creditable as Military Service

(CT:PER-748; 10-15-2014)

(State/USAID/BBG/Commerce/Peace Corps/Foreign Service Corps-USDA)

(Applies to Foreign Service employees)

- a. **Military Service:** Military service, as defined in 3 FAM 6134.1, is creditable service.
- b. **Military Academy Service:** Service at one of the military academies is

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creditable, even if the individual is receiving military retirement pay for 20 years of service. Service in the academies listed below is also considered military service for retirement purposes:

- Midshipman at the U.S. Naval Academy;
 - Cadet at the U.S. Military Academy;
 - Cadet at the U.S. Air Force Academy; and
 - Cadet at the U.S. Coast Guard Academy.
- c. **Military Service:** Military service, as defined in 3 FAM 6134.1, is creditable service.
- d. **Naval Reserve Officers Training Corps (NROTC):** Service performed by NROTC students when they are ordered to active duty or training duty (including summer cruises) as members of the Naval or Marine Corps Reserve is creditable.
- e. **Army Reserve Officers Training Corps (AROTC):** Service performed after the effective date of Public Law 88-647 (October 13, 1964) by AROTC students is creditable during periods when ordered to active duty or training duty as members of the Army Reserve.
- f. **National Guard:** Service performed in the militia or National Guard is not considered military service and is not creditable, unless an individual was called or drafted into the actual service of the United States.

3 FAM 6134.3 Service in the National Guard

(CT:PER-748; 10-15-2014)

(State/USAID/BBG/Commerce/Peace Corps/Foreign Service Corps-USDA)

(Applies to Foreign Service employees)

- a. Service credit is allowed for National Guard service which was clearly performed:
- Under a "call" by the President;
 - Pursuant to "orders" issued under authority of section 233(d) of the Armed Forces Reserve Act of 1952;
 - Pursuant to "orders" issued under authority of a provision of 10 U.S.C. 12406; and
 - Active service of a National Guard member that is recorded on a Form DD 214 is Federal service, unless there is clear evidence to the contrary.
- b. National Guard service or training periods are not creditable under the following circumstances:
- When performed before January 1, 1953, and not directly under a "call" by the President;

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- When called for duty solely by the Governor of a State; and
- When performed exclusively for a State under 32 U.S.C. 316 or 32 U.S.C. 502 to 505.

3 FAM 6134.4 Service in the Military Reserves

(CT:PER-748; 10-15-2014)

(State/USAID/BBG/Commerce/Peace Corps/Foreign Service Corps-USDA)

(Applies to Foreign Service employees)

- a. **Inactive service** is not creditable for retirement purposes although it may be counted toward certain types of military retirement under specific provisions of the applicable military retirement law.
- b. **Active service** is creditable for retirement purposes. Active service in any of the reserve corps of the armed forces is creditable when an individual is called to active duty and for this duty only.
- c. **Service during Weekly and Biweekly Training Sessions:** Weekly and biweekly training sessions are considered reserve duty. Reserve duty is not creditable for retirement purposes. Those members of the reserves who attended weekly and biweekly training sessions are excluded from receiving credit for this service for retirement purposes.
- d. **Service during Annual 15-day Training Camp/Cruise:** The annual 15-day training camp or cruise which reservists are called upon to attend (and for which they receive pay and allowances) is active duty and therefore, creditable for retirement purposes. When an employee performs active military service with a reserve unit during a period in which he or she is on military leave (or furlough) from a civilian position, this service is credited as civilian, not military.

3 FAM 6134.5 Honorable Discharge Required

(CT:PER-748; 10-15-2014)

(State/USAID/BBG/Commerce/Peace Corps/Foreign Service Corps-USDA)

(Applies to Foreign Service employees)

Service members who meet or exceed the required standards of duty, performance and personal conduct, and who complete their tours of duty, normally receive honorable discharges. If a service member has multiple enlistments or commissions, each period of service is reviewed separately. Below is a list of separations from service that are considered honorable:

- (1) **Honorable Discharge:** An honorable discharge means any separation from active duty in the armed forces under honorable conditions. The following types of separations are honorable:
 - Under honorable conditions;
 - Separation because of hardship;

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- Transfer to retired list because of age or disability;
 - Transfer to Fleet Reserve;
 - Furlough to Reserve Forces;
 - General discharge (under honorable conditions); and
 - Death in action.
- (2) **Dishonorable Discharge:** A dishonorable discharge means any separation from active duty in the armed forces under dishonorable conditions. The following types of separations are dishonorable:
- Under less than honorable conditions or other than honorable;
 - Undesirable;
 - Bad conduct;
 - Unfitness; and
 - Desertion.
- (3) **Clemency or "Neutral" Discharge:** Clemency or neutral discharges were given to an individual who had evaded the draft or deserted the military service during the Vietnam Era (August 4, 1964, through March 28, 1973). Although clemency or neutral discharges are not considered dishonorable, individuals with these discharges will not receive credit for their military service.

3 FAM 6134.6 Effect of Receipt of Military Retirement Pay/VA Benefits

(CT:PER-748; 10-15-2014)

(State/USAID/BBG/Commerce/Peace Corps/Foreign Service Corps-USDA)

(Applies to Foreign Service employees)

- a. **Receipt of Military Retirement Pay:** If an individual is receiving regular military retirement pay (usually based on 20 years of military service), this service is not creditable for retirement purposes. Except as provided in (b) or (c):
- (1) If an individual has more than 30 years of military service, the excess amount of military service is creditable for retirement purposes; and
 - (2) If an individual's military service is less than six months after deducting the years of service credit (whole and in total); then, the amount after the deduction of the years of service credit (whole) is creditable for retirement purposes. For example, if an individual has 23 years and 3 months of active duty military service, then 3 months is creditable for retirement purposes.
- b. **Receipt of Military Retirement Pay Based on Reserve Service:** If an

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individual is receiving military retirement pay under 10 U.S.C. 1223 (formerly Chapter 67) based on 20 years of active duty or reserve service; only active duty is creditable for retirement. **NOTE:** This benefit usually begins at age 60.

- c. **Receipt of Military Retirement Pay Based on a Combat-Incurred Disability:** If an individual is receiving military retirement pay based on a service-connected disability, which is (a) incurred in combat with an enemy of the United States, or (b) caused by an instrumentality of war and incurred in line of duty during a period of war, the military service is creditable for retirement purposes.
- d. **Receipt of Veteran's Benefits:** If an individual receives benefits from the Department of Veteran's Affairs (VA), it does not prevent him or her from receiving credit for his or her military service for retirement purposes. However, if an individual has waived his or her military retirement pay in favor of benefits from the VA; he or she must also waive his or her military retirement pay for federal retirement benefits. This insures that the military retirement pay will not be reinstated if the VA benefits terminate.
- e. **Military Retirement Pay and Spousal Survivor Annuity:** If an individual dies as an annuitant and was receiving military retirement pay under conditions which denied use of his or her military service, this service is not creditable in a spousal survivor annuity. If an individual dies as an employee and was receiving military retirement pay under conditions which denied use of his or her military service, this military service is not creditable in a spousal survivor annuity unless the surviving spouse executes a posthumous waiver of the annuitant's military retirement pay.
- f. **In Order to Receive Credit for Military Retirement Pay:** An employee or survivor as explained may waive receipt of military retirement pay and, thereby, reinstate credit for the military service in the annuity. This waiver must be executed at the time of retirement (or death, in the case of an employee who dies in service), and documented in a letter directed to the military finance center which had been making payment of the military retirement pay. A waiver of military retirement pay which has been executed at the time of retirement may be revoked, prospectively, if the military service was not needed to establish title to the annuity at the time of retirement.
- g. **Language that Would Qualify for Waiver of Military Retirement Pay:**
"I, (name), social security number, military serial number, hereby waive my military retirement pay, effective the close of business (date of retirement) so that it may be credited in my Foreign Service retirement annuity."
- h. **Military Survivor Benefit Plan (SBP):** Some retired military personnel may be required by the Department of Defense (DOD) to continue participating in a Survivor Benefit Plan, in conjunction with the military retirement pay, even if the primary benefit to the retired soldier or military officer has been waived. This is particularly true if one has not elected a spousal survivor annuity under

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FSRDS/FSPS. Requirements for continuing participation in the SBP are a matter that will be determined solely by DOD.

3 FAM 6135 POST 1956/1976 MILITARY SERVICE CREDIT

(CT:PER-748; 10-15-2014)

(State/USAID/BBG/Commerce/Peace Corps/Foreign Service Corps-USDA)

(Applies to Foreign Service employees)

- a. A participant in FSRDS, FSRDS Offset or FSPS may make a deposit for active duty military service and naval service when applicable. The rules are as follows:
 - (1) A participant in FSRDS who was first hired under FSRDS before 10/17/83, must make a deposit for military service after 1976. If a deposit is not made then the participant or one of his or her survivors are eligible (or upon application would be eligible) for social security (regardless of whether benefits are suspended for excess earnings), the military service is not creditable for retirement purposes;
 - (2) A participant in FSRDS who was first hired under FSRDS on or after 10/17/83, and who was previously employed by the Federal government in a civilian capacity before 10/1/82 must make a deposit for military service after 1956. If a deposit is not made then the participant or one of his or her survivors are eligible (or upon application would be eligible) for social security (regardless of whether benefits are suspended for excess earnings), the military service is not creditable for retirement purposes;
 - (3) A participant in FSRDS who was first hired under FSRDS on or after 10/17/83 and who was previously employed by the Federal government in a civilian capacity after 9/30/82 must make a deposit for military service after 1956. If a deposit is not made, the military service is not creditable for retirement purposes; and
 - (4) A participant in FSPS must make a military deposit for military service after 1956. If a deposit is not made, the military service is not creditable for retirement purposes.
- b. Employees should complete and send an "Estimated Earnings during Military Service" (Form RI 20-97) along with a copy of Form DD-214 to the pay office for the branch of service. Mailing addresses are listed on the form. Once in receipt of the estimated earnings, employees submit it along with Form DD-214 to HR/RET.
- c. A participant in FSRDS who is entitled to an annuity prior to 2/15/81, or who is entitled to a deferred annuity based on a separation before 2/15/81, and who has military service after 1956 must be subject to an annuity recomputation at

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age 62 if eligible for social security benefits (or upon application would be eligible).

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